

WOORAYL LODGE INC.

A0025521Y

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

NAPS: 3009

ABN: 29 396 030 183

WOORAYL LODGE INC.

A0025521Y

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021	2020
Revenue	2	3,969,400	4,032,058
Employee benefit expense		(2,895,269)	(2,637,163)
Depreciation and amortisation expenses	3	(382,869)	(364,572)
Other expenses		(1,246,880)	(1,003,250)
Finance costs	3	(23,812)	(8,154)
Operating surplus / (deficit)		(579,430)	18,919
Other comprehensive income		-	-
Total comprehensive income attributable to members of the association		(579,430)	18,919

This statement should be read in conjunction with the accompanying notes.

WOORAYL LODGE INC.

A0025521Y

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTE	2021	2020
CURRENT ASSETS			
Cash and cash equivalents	5	560,759	715,101
Trade and other receivables	6	58,021	154,511
Other current assets	7	39,581	12,316
Financial assets	8	7,955,000	7,605,000
TOTAL CURRENT ASSETS		8,613,361	8,486,928
NON-CURRENT ASSETS			
Property, plant & equipment	9	2,182,080	2,502,942
Right of-use asset	15	3,063	4,376
TOTAL NON-CURRENT ASSETS		2,185,143	2,507,318
TOTAL ASSETS		10,798,504	10,994,246
CURRENT LIABILITIES			
Trade and other payables	10	282,125	174,541
Refundable deposits	11	6,519,115	6,225,125
Employee benefits	12	229,768	192,219
Borrowings	13	631	7,569
Lease liability	16	1,313	1,313
TOTAL CURRENT LIABILITIES		7,032,952	6,600,767
NON-CURRENT LIABILITIES			
Employee benefits	12	84,795	131,348
Borrowings	13	-	631
Lease liability	16	1,750	3,063
TOTAL NON-CURRENT LIABILITIES		86,545	135,042
TOTAL LIABILITIES		7,119,497	6,735,809
NET ASSETS		3,679,007	4,258,437
EQUITY			
Retained earnings		4,258,437	4,239,518
Current year surplus / (deficit)		(579,430)	18,919
TOTAL EQUITY		3,679,007	4,258,437

This statement should be read in conjunction with the accompanying notes.

WOORAYL LODGE INC.

A0025521Y

STATEMENT CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Accumulated Surplus
Balance at 30 June 2019	4,239,518
Surplus attributable to members	18,919
Balance at 30 June 2020	4,258,437
Deficit attributable to members	(579,430)
Balance at 30 June 2021	3,679,007

This statement should be read in conjunction with the accompanying notes.

WOORAYL LODGE INC.

A0025521Y

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

CASH FLOWS FROM OPERATING ACTIVITIES	NOTE	2021	2020
Operating receipts		4,052,812	3,808,004
Payments to employees and suppliers		(4,227,582)	(3,647,662)
Interest received		111,751	129,007
Interest paid		(23,812)	(8,154)
Net cash provided by / (used in) operating activities	20	(86,831)	281,195
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(62,007)	(38,730)
Net cash used in investing activities		(62,007)	(38,730)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Additions to) / withdrawals from term deposits		(350,000)	(305,000)
Hostel bonds received		2,323,006	2,340,781
Hostel bonds refunded		(1,970,941)	(2,040,061)
Loan repayments		(7,569)	(7,569)
Net cash used in financing activities		(5,504)	(11,849)
NET INCREASE / (DECREASED) IN CASH HELD		(154,342)	230,616
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		715,101	484,485
CASH AT THE END OF THE FINANCIAL YEAR	20	560,759	715,101

This statement should be read in conjunction with the accompanying notes.

WOORAYL LODGE INC.

A0025521Y

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Woorayl Lodge Inc. as an individual entity. Woorayl Lodge Inc. is an association incorporated in Victoria under the *Associations Incorporations Reform Act (Vic) 2012*.

The financial report was authorised for issue by the committee of management on 7 September 2021.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Regulations 2013* ("ACNC Regulation"). The association is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting policies

a. Income tax

No provision for income tax has been raised as the association is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

b. Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

c. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured on the cost basis less depreciation and impairment losses. Land is not depreciated.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by the committee of management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% - 14.8%
Plant & equipment	5.0% - 35.3%
Motor Vehicles	6.67%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

As a result of the previous decision of the Board to proceed with the planning for the Boags Road site, effective from 1 July 2018 the Board resolved to increase the depreciation rate for all assets that will eventually be demolished at the current site to be written off on a straight-line basis over a four-year period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

d. Impairment of assets

At each reporting date, the committee reviews the carrying values of its tangible and intangible assets (if any) to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e. Leases

The association assesses at contract inception, whether the contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A single recognition and measurement approach are applied to all leases, except for short-term leases and leases of low-value assets. The association recognises liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(ii) Lease Liabilities

At the commencement date of the lease, the association recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

(iii) Short term leases and leases of low value assets

The short-term lease recognition exemption is applied to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

f. Employee provisions

Short term employee benefits

Provision is made for the association's obligation for short term employee benefits. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period to which the employees render the related service, including wages and salaries. Short term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The association's obligations for short term employee benefits are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for the association's annual leave and long service leave entitlements not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, duration of service and employee departures, and are discounted at rates determined by reference to end-of-reporting-period market yields on government bonds that have maturity dates approximating the terms of the obligations. Any re-measurements of other long-term employee benefit obligations due to changes in assumptions are recognised in profit or loss in the periods in which the changes occur. The association's obligations for long term employee benefits are presented as non-current provisions in the statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

g. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. The association does not hold any overdraft facility.

WOORAYL LODGE INC.

A0025521Y

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- h. **Accounts payable**
Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.
- i. **Accounts receivable**
Accounts receivable and other debtors include amounts due to from residents and other parties for services provided in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.
Accounts receivable as initially recognised at fair value and subsequently measured at the estimate recoverable amount taking into account any provision for impairment.
- j. **Revenue**
Revenue from the rendering of a service is recognised upon the delivery of the service to the customer. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Donations and sponsorships are recognised as revenue when received.
All revenue is stated net of the amount of goods and services tax (GST).
- k. **Goods and Services Tax (GST)**
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.
Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.
- l. **Critical accounting estimates and judgments**
The committee of management evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.
Key Estimates — Impairment
The association assesses impairment at each reporting date by evaluating conditions specific to the association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.
Key Judgments — Provision for doubtful debts
The committee of management believe that the full amount of all receivables is recoverable, and no doubtful debt provision has been made at 30 June 2021.
- m. **New, Revised or Amending Accounting Standard and Interpretations Adopted**
There has been no significant change in accounting policy during the financial year.
Any new, revised or amending Australian Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

WOORAYL LODGE INC.

A0025521Y

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: REVENUE	2021	2020
Operating activities		
Rendering of services	3,850,656	3,766,339
Non-operating activities		
Donations received	18,896	16,994
Interest income	68,098	148,725
Cash Flow Boost	-	100,000
Business Improvement Fund Grant	31,750	-
Total non-operating activities	118,744	265,719
TOTAL REVENUE	3,969,400	4,032,058
Interest from:		
Other persons	68,098	148,725
 NOTE 3: SURPLUS FROM OPERATING ACTIVITIES		
Operating surplus form ordinary activities has been determined after recording as an expense:		
Significant expenses:		
Borrowing costs	-	-
Interest paid on refunded accommodation bonds	23,812	8,154
<i>Depreciation of non-current assets:</i>		
Buildings	241,936	249,471
Plant & equipment	140,481	114,650
Motor Vehicles	452	451
Total depreciation	382,869	364,572
<i>Bad and doubtful debts:</i>		
Trade receivables	-	-
<i>Remuneration of the auditor for:</i>		
Auditing or reviewing the financial report	7,000	6,900
Other services	470	460
Remuneration for other services to related practices of the auditor	-	-

WOORAYL LODGE INC.

A0025521Y

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION	2021	2020
Short term benefits	344,882	337,611
Post-employment benefits	-	-
	344,882	337,611
 NOTE 5: CASH AND CASH EQUIVALENTS		
Petty cash	850	850
Bank accounts	559,909	714,251
	560,759	715,101
 NOTE 6: TRADE AND OTHER RECEIVABLES		
CURRENT		
Residents	11,417	29,740
Funding receivable	-	7,555
GST refundable	38,846	15,049
Cash Flow Boost receivable	-	50,000
Other trade receivables	856	1,612
Accrued interest income	6,902	50,555
	58,021	154,511
 NOTE 7: OTHER CURRENT ASSETS		
Prepayments	39,581	12,316
 NOTE 8: FINANCIAL ASSETS		
Term deposits	7,955,000	7,605,000
 NOTE 9: PROPERTY, PLANT AND EQUIPMENT		
Freehold land at cost	1,790,027	1,790,027
Buildings at cost	3,435,396	3,435,396
Accumulated depreciation	(3,198,868)	(2,956,932)
Written down value	236,528	478,464
Equipment and fittings at cost	690,312	644,291
Accumulated depreciation	(535,214)	(410,719)
Written down value	155,098	233,572
Motor vehicles at cost	25,854	25,854
Accumulated depreciation	(25,427)	(24,975)
Written down value	427	879
Total property, plant and equipment at written down value	2,182,080	2,502,942

WOORAYL LODGE INC.

A0025521Y

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 9: PROPERTY, PLANT & EQUIPMENT (continued)

Movements in Carrying Amounts:

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Freehold Land	Buildings	Equipment & Fittings	Motor Vehicles	Total
Balance at start	1,790,027	478,464	233,572	879	2,502,942
Additions	-	-	62,007	-	62,007
Depreciation	-	(241,936)	(140,481)	(452)	(382,869)
Disposals – Net	-	-	-	-	-
Carrying amount at the end of the year	1,790,027	236,528	155,098	427	2,182,080

NOTE 10: TRADE AND OTHER PAYABLES

2021

2020

CURRENT

Unsecured liabilities:

Unexpected funds	125,750	-
Accrued payroll	17,526	14,089
Funding in advance	1,657	-
Trade payables	85,824	100,008
Fees received in advance	20,096	24,078
PAYG withheld	31,272	36,366
	282,125	174,541

NOTE 11: REFUNDABLE DEPOSITS

	Flat Bonds	Accommodation bonds	Total
Opening balance at 1 July 2020	-	6,225,125	6,225,125
Received	-	2,323,006	2,323,006
Refunded	-	(1,970,941)	(1,970,941)
Retentions	-	-	-
Drawdowns	-	(58,075)	(58,075)
Balance at 30 June 2021	-	6,519,115	6,519,115

NOTE 12: EMPLOYEE BENEFITS

Current	229,768	192,219
Non-current	84,795	131,348
Total	314,563	323,567
Number of employees at year end	50	50

WOORAYL LODGE INC.

A0025521Y

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13: BORROWINGS	2021	2020
CURRENT		
Equipment Loan	631	7,569
NON-CURRENT		
Equipment Loan	-	631
TOTAL	631	8,200

NOTE 14: FINANCE LEASE COMMITMENTS

Payable – minimum lease payments:		
- Not later than 12 months	631	7,569
- Between 12 months and 5 years	-	631
Minimum lease payments	631	8,200
Less future finance charges	-	-
Present value of minimum lease payments	631	8,200

NOTE 15: RIGHT OF USE ASSET

Copier lease	3,063	4,376
TOTAL RIGHT-OF-USE ASSET	3,063	4,376

Movement in carrying amounts for each right-of-use asset between the beginning and the end of the current financial year:

	Copier Lease
Balance at the beginning	-
Initial recognition of new standard	4,376
Expensed	(1,313)
Balance at the end of the year	3,063

NOTE 16: LEASE LIABILITIES

Current		
Copier lease	1,313	1,313
Non-current		
Copier lease	1,750	3,063
TOTAL LEASE LIABILITIES	3,063	4,376

NOTE 17: CAPITAL COMMITMENTS

At the date of this report, the Board has approved minor capital works including relocating the administration office and staffroom to allow for 2 additional funded residential beds at a total cost of \$224,450 (ex GST).

WOORAYL LODGE INC.

A0025521Y

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 18: INTANGIBLE AND CONTINGENT ASSETS

AASB 1004 and AASB 138 indicate that bed licenses should be ascribed a fair value. The expected future economic benefits accruing to the association arise from the use of the bed licenses together with the association's other income generating assets. Because there is a single income stream, any value ascribed to the bed licenses as an intangible asset must reduce the value of the assets in other classes. The bed licenses will generate an identifiable income stream directly if they are sold separately. Such a sale is contingent on the association ceasing operations as an aged care facility. The committee has therefore elected to treat bed licenses as a contingent asset. The association holds 40 bed licenses.

NOTE 19: RELATED PARTY TRANSACTIONS

Members of the committee of management act in an honorary capacity. No honorariums were paid. Members of the committee of management do not receive any benefit other than those available to any member of the association and are transacted on normal terms and conditions.

	2021	2020
NOTE 20: CASH FLOW INFORMATION		
a) Reconciliation of cash for purposes of cash flows.		
Cash on hand	850	850
Cash at bank	559,909	714,251
	560,759	715,101
b) Reconciliation of net cash provided by operating activities to operating surplus / (deficit):		
Surplus / (deficit) from operations	(579,430)	18,919
<i>Non-cash flows in operating surplus / (Deficit)</i>		
Depreciation	382,869	364,572
Drawdown from refundable deposits	(58,075)	(34,255)
<i>Changes in Assets & Liabilities</i>		
(Increase) / decrease in Trade and other receivables	223,897	(74,633)
(Increase) / decrease in Other assets	(27,265)	(373)
Increase / (decrease) in Trade and other payables	(19,823)	(40,050)
Increase / (decrease) in employee benefits	(9,004)	47,015
NET CASH PROVIDED BY / USED IN) OPERATING ACTIVITIES	(86,831)	281,195

c) The association has no credit standby or financing facilities in place.

d) There were no non-cash financing or investing activities during the year.

WOORAYL LODGE INC.

A0025521Y

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 21: SEGMENT INFORMATION

BALANCE SHEET AS AT 30 JUNE 2021

	Residential Aged Care Operations		Independent Living Units / Rental Properties		TOTAL	TOTAL
	2021	2020	2021	2020	2021	2020
CURRENT ASSETS						
Cash and cash equivalents	152,242	152,100	408,517	563,001	560,759	715,101
Trade and other receivables	58,021	154,511	-	-	58,021	154,511
Other current assets	39,581	12,316	-	-	39,581	12,316
Financial assets	7,394,341	7,358,347	560,659	246,653	7,955,000	7,605,000
TOTAL CURRENT ASSETS	7,644,185	7,677,274	969,176	809,654	8,613,361	8,486,928
NON-CURRENT ASSETS						
Property, plant and equipment	1,008,410	1,233,981	1,173,670	1,268,961	2,182,080	2,502,942
Right of use asset	3,063	4,376	-	-	3,063	4,376
TOTAL NON-CURRENT ASSETS	1,011,473	1,238,357	1,173,670	1,268,961	2,185,143	2,507,318
TOTAL ASSETS	8,655,658	8,915,631	2,142,846	2,078,615	10,798,504	10,994,246
CURRENT LIABILITIES						
Trade and other payables	282,125	174,541	-	-	282,125	174,541
Refundable deposits	6,519,115	6,225,125	-	-	6,519,115	6,225,125
Employee benefits	229,768	192,219	-	-	229,768	192,219
Borrowings	631	7,569	-	-	631	7,569
Lease liability	1,313	1,313	-	-	1,313	1,313
TOTAL CURRENT LIABILITIES	7,032,952	6,600,767	-	-	7,032,952	6,600,767
NON-CURRENT LIABILITIES						
Employee benefits	84,795	131,348	-	-	84,795	131,348
Borrowings	-	631	-	-	-	631
Lease liability	1,750	3,063	-	-	1,750	3,063
TOTAL NON-CURRENT LIABILITIES	86,545	135,042	-	-	86,545	135,042
TOTAL LIABILITIES	7,119,497	6,735,809	-	-	7,119,497	6,735,809
NET ASSETS	1,536,161	2,179,822	2,142,846	2,078,615	3,679,007	4,258,437
EQUITY						
Opening balance retained earnings	2,179,822	2,204,050	2,078,615	2,035,468	4,258,437	4,239,518
Current year surplus/(deficit)	(643,661)	(24,228)	64,231	43,147	(579,430)	18,919
TOTAL EQUITY	1,536,161	2,179,822	2,142,846	2,078,615	3,679,007	4,258,437

WOORAYL LODGE INC.

A0025521Y

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 21: SEGMENT INFORMATION (continued)

FINANCIAL PERFORMANCE

RESIDENTIAL AGED CARE OPERATIONS	2021	2020
INCOME		
Government subsidies	2,471,826	2,379,918
Resident charges	989,328	1,087,631
Bond retentions	-	-
Interest - Bank accounts	68,098	148,725
- Unpaid accommodation bonds	730	5,093
Donations	18,896	16,994
Cash Flow Boost	-	100,000
Grant – Workforce retention	57,440	-
Grant – Business Improvement Fund	31,750	-
Unit administration charge	54,000	40,500
Other	20,742	7,600
TOTAL INCOME	3,712,810	3,786,461
COSTS		
Wages & superannuation - care	2,460,928	2,229,462
- admin	303,098	314,647
- other	11,631	19,171
Staff on-costs	109,351	70,690
Other employee expenses	17,706	19,510
Management fees	-	-
Interest expenses	23,812	8,154
Depreciation and amortisation	287,578	261,746
Insurance	29,910	27,499
Motor vehicles	1,872	7,084
Rent	-	-
Administration	93,197	85,912
Business Improvement Fund expenses	31,750	-
Consultants	259,366	111,818
Dietary and contract catering	210,630	156,455
Resident's activities	3,849	4,628
Rates and charges	13,718	14,903
Other costs	297,916	286,229
Contract cleaning, laundry and chemicals	54,884	60,585
Building / repairs / maintenance	95,633	76,605
Utilities	49,642	55,591
TOTAL COSTS	4,356,471	3,810,689
HOSTEL OPERATING DEFICIT	(643,661)	(24,228)

WOORAYL LODGE INC.

A0025521Y

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 21: SEGMENT INFORMATION (continued)

FINANCIAL PERFORMANCE

INDEPENDENT LIVING UNITS /
RENTAL PROPERTIES

	2021	2020
INCOME		
Residents' fees	307,488	283,297
Residents' ingoing contributions	-	-
Water and gas collections	3,102	2,800
TOTAL INCOME	310,590	286,097
COSTS		
Rates	48,436	46,515
Wages	10,261	3,193
Insurance	3,592	3,237
Maintenance	34,202	45,953
Depreciation	95,291	102,826
Unit administration charge	54,000	40,500
Other	577	726
TOTAL COSTS	246,359	242,950
UNITS / RENTAL PROPERTIES OPERATING SURPLUS	64,231	43,147
TOTAL SURPLUS / (DEFICIT) FROM OPERATIONS	(579,430)	18,919

NOTE 22: ECONOMIC DEPENDENCE

The association is substantially dependent on the receipt of continued funding from the Federal Government through the Department of Health and Ageing. Federal funding requires recipient organisations to meet various quality assurance standards as specified from time to time.

NOTE 23: CONTINGENT LIABILITY

Certain assets have been acquired with Specific Funding Grants and with Specified Donations. The funding agreements provide for the re-direction of certain assets by the Department of Health and Ageing on the termination of the funding agreements. Therefore, these assets may not realise their carrying value.

The association has been requested to provide information to the Department of Health and Ageing pursuant to the *Aged Care (Bond Security) Act 2006*. This arises from a default event declaration where an aged care facility in Victoria has been placed in liquidation with outstanding unpaid accommodation bond balances. The Department may impose a levy in respect of the refund obligations to recover any shortfall in funds paid out. The amount and timing of the imposition of any levy is unknown at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 24: CONTINGENCIES AND COMMITMENTS

During the 2020/21 financial year, the Board of Woorayl Lodge continued with its master planning of the Boags Road site.

Woorayl Lodge engaged the services of Calm Consulting Group (CCG) to liaise with the local South Gippsland and Bass Coast communities, as well as key aged care groups such as the Commonwealth Department of Health and local health service operators to provide the Board with an Options Analysis Report on the future of Aged Care and opportunities for Woorayl Lodge as a Provider of Choice.

A high-level strategy refresh was undertaken by CCG to design and agree upon Woorayl Lodge's future purpose, goals and objectives. Through collaborative Board workshops and engagement with the organisation, four goals were developed:

1. To strengthen Woorayl Lodge's financial position to ensure long-term viability and respond to the external competitive environment
2. To provide a level of care services that exceeds the community's changing current and future needs
3. To be the provider of choice that delivers a range of high-quality lifestyle services
4. To create fit-for-purpose facilities that reflects the expectations of current and future residents and customers.

Through extensive engagement and consultation with Woorayl Lodge, its community and competitors, four future-stage options were validated and analysed by the Board.

The Board agreed on Option Four as the best option for the future of Woorayl Lodge, being developing a new 74 residential bed facility at Boags Road Leongatha and retaining the existing McCartin Street sites. The Board also agreed to continue its engagement of CCG to provide a business case and also assist in its application for the additional bed licences and grant monies.

In April 2021, applications were made to the Department of Health and Ageing for 77 residential bed licences and a grant of \$10m for the development of Boags Road and 3 additional beds for the McCartin Street site.

In July 2021 Woorayl Lodge was informed that it was not successful with its application for additional bed licences and the capital grant for the Boags Road project; however, 3 additional bed licences were received for the McCartin Street site.

NOTE 25: COVID-19 PANDEMIC

In March 2020, a global pandemic for COVID-19 coronavirus was declared by the World Health Organisation. As a result, the Australian Federal Government announced financial stimulus packages, including the ATO *Cash Flow Boost*.

The association was entitled to an initial payment of Cash Flow Boost of \$50,000 for the period from March to June 2020 and was therefore entitled to the remaining \$50,000 to be paid in 4 equal instalments from June 2020 to September 2020. The total \$100,000 entitlement was recognised as income under AASB1058 *Income of Not-for-Profit Entities* given the entity was entitled to receive the remaining \$50,000 as at 30 June 2020.

The COVID-19 pandemic continued to impact Woorayl Lodge during the 2020/21 financial year including costs associated with additional care and cleaning staffing and purchase of personal protective equipment (PPE). Overall costs of goods and services have increased due to the COVID-19 pandemic.

The likely financial impact of COVID-19 for the future has not yet been quantified by the Board. There is no anticipated date on when the COVID-19 pandemic will end. The current higher level of staffing for care and cleaning will be required to continue to reduce the risk of COVID-19 within the facility.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 26: FINANCIAL RISK MANAGEMENT

The association's financial instruments consist mainly of deposits with banks, investments, accounts receivable and accounts payable.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Financial Risk Management Policies

The associations' treasurer is responsible for, among other issues, monitoring and managing financial risk exposures of the association. The treasurer monitors the association's financial transactions and reviews the effectiveness of controls relating to credit risk, financial risk and interest rate risk. Discussions on monitoring financial risk exposures are held on a regular basis and minuted by the committee of management.

Financial Risk Exposures

(a) Interest Rate Risk

The association's exposure to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities is not material.

(b) Credit Rate Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements. The association does not have any material credit risk exposure to any single debtor or group of debtors.

(c) Liquidity Risk

Liquidity risk arises from the possibility that the association may encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk by regularly reviewing available cash and future cash inflows and ensuring appropriate levels of cash are available to meet financial liabilities.

Net Fair Values

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

NOTE 27: ASSOCIATION DETAILS

Woorayl Lodge Inc. was incorporated under the *Associations Incorporation Reform Act (Vic) 2012* on 9 July 1992.

The registered office and principal place of business of the association is:

Woorayl Lodge Inc.
73 McCartin Street
LEONGATHA VIC 3953

WOORAYL LODGE INC.

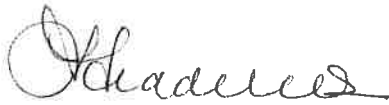
A0025521Y

STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the committee of Woorayl Lodge Inc., the financial report as set out on pages 1 to 19:

- i) Presents a true and fair view of the financial position of Woorayl Lodge Inc. as at 30 June 2021 and its performance for the year ended on that date, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the requirements of the *Associations Incorporation Reform Act (Vic) 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*.
- ii) At the date of this statement there are reasonable grounds to believe that Woorayl Lodge Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:



Linda Fiddelaers
Chairperson



Garry Van Sinderen
Treasurer

7 September 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WOORAYL LODGE INC.**

Opinion

We have audited the financial report of Woorayl Lodge Inc., which comprises the Statement of Financial Position as at 30 June 2021, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes to the financial statements comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the Board.

In our opinion, the accompanying financial report of Woorayl Lodge Inc. has been prepared in accordance with the *Associations Incorporation Reform Act (Vic) 2012* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. giving a true and fair view of the association's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b. complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial report" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the association in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standard Board's APES 110 Code of Ethics for Professional Accountants (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

Responsibilities of the members of the Board for the financial report

The members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Associations Incorporation Reform Act (Vic) 2012* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control the members of the Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the members of the Board are responsible for assessing the association's ability to continue as a going concern, disclosing as applicable, matters relating to going concern and using the going concern basis of accounting unless the members of the Board either intend to liquidate the association or to cease operation, or have no realistic alternative but to do so.

The members of the Board are responsible for overseeing the association's financial reporting process.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism through the audit. The audit involves us:

- Identifying and assessing the risk of material misstatement of the financial report, whether due to fraud or error, designing and performing audit procedures responsive to those risks, obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of the Board.
- Concluding on the appropriateness of Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report presents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the members of the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the members of the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, where applicable, related safeguards.

Other information

The members of the Board are responsible for the other information provided in the association's annual report for the year ended 30 June 2021 other than the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion there.

In connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

CARDELL ASSURANCE & AUDIT



Lyndal J. McKenzie
3A Billson Street
WONTHAGGI VIC 3995

9 September 2021